

Baldacci faces state cuts from federal Omnibus Budget Act

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AUGUSTA - The numbers are still being tallied, but many state programs that depend in part or totally on federal funds have been cut by Congress in the Omnibus Budget Act passed last month. The cuts will amount to millions of dollars. "What would the biennial budget process be if they did not throw a few more logs on the fire?" Gov. John Baldacci asked Friday. "It is unfortunate that there are these cuts at the federal level. This will make our work a lot harder."

The governor said he is still receiving reports from state agencies on the impact of the cuts included in the federal budgets adopted last month. He said it is clear the cuts affect a lot of programs and will affect the two-year state budget that he will propose next month.

"Some of those programs being cut really work, they make a difference," he said, " but we cannot make up for all of the cuts. We will have to look at core programs that affect people that need our help the most."

The amount of federal funds flowing into Maine has been on the increase for years. Every state department and agency receives some federal funds, and in some departments most of the money is from federal sources.

Labor Commissioner Laura Fortman estimated Friday that as much as 80 percent of her department's funding is from federal sources.

"We know we have had some cuts, but it does not appear to be major, but we won't know until we get all the information from Washington," she said.

Fortman acknowledged that even a single percentage point decrease in her agency's funding would translate into millions of dollars in programs such as several job training and search programs.

The Maine Department of Environmental Protection is another state agency that derives much of its funding - nearly half - from the feds. Several programs will be affected by the cuts, but the hardest hit is expected to be the block grant for Clean Water Act programs.

"It is a very broad program," DEP Commissioner Dawn Gallagher said recently. "It is the primary grant program we use for water treatment, water utilities, any program dealing with clean water."

Last year the state received about \$24 million under the grants program. Most was passed on to local sewer and water districts. Based on preliminary information from the feds, that will be less than \$20 million in the current federal budget year.

"It simply means we will do less to meet the demands for repairing and replacing treatment facilities," she said.

Because the state did not have a bond issue, Gallagher noted, it was not able to draw down all of the federal dollars that were available in the federal budget year that ended Sept. 30.

"That's gone," she said. "We have lost that opportunity."

The state's criminal justice system also will feel the cuts. More than \$150,000 will be available under the Byrne Grant program that is used for many programs including drug prosecution. The state still will receive a little over \$3 million from the program.

In past years, the Maine Department of Conservation has been successful in getting federal funds for the purchase or protection of land. That grant program has been reduced to \$166 million nationwide this year from a high of \$444 million three years ago.

"We know our block grant at the federal level was cut 14 percent," Bureau of Health Director Dr. Dora Mills said last week. "But we don't know how that translates at the state level. It may be 14 percent or it could be less."

Mills said her agency has several grant programs from federal sources, and she expects most have been cut by some amount, but those figures have not been released by the federal agencies making the grants.

The governor acknowledges the budget cuts in the Omnibus bill are only part of the bad budget news he has received from the federal government. In early November, the state was informed of the change in the matching rate under the Medicaid program. Maine now has to pay more of the cost of the more than \$1 billion annual program. The estimate is \$76 million over the two-year budget the governor is now preparing.

Baldacci has ordered his staff to prepare a summary of the cuts made in the federal budget and the potential impact on the state budget.

The cuts stemmed from the GOP leaders in Congress deciding to limit the overall increase in domestic spending to 1 percent more than last year. In addition, to meet the budget target, spending was cut across the board by 0.8 percent. So while some programs did receive increases, particularly in education, others were cut more deeply to make the target.

The Omnibus Budget, totaling more than 3,600 pages, covered funding for all of the federal government, except the Departments of Defense and Homeland Security. Maine took a cut in homeland security funding separately from the Omnibus legislation. Last year, the state received more than \$22 million. This year it will receive \$16.7 million.